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NIO/LA
21 October 1985ADDI TALKING POINTSNicaragua

President Ortega's crackdown on the domestic Nicaraguan opposition, along with a Sandinista hardline position in the current round of Contadora Talks, indicates that Managua has probably received Soviet and Cuban support for a tough policy against mounting internal and external pressures.

- The Catholic Church is the special target of the new crackdown, and the Sandinistas have seized all copies of a new Church publication.

[redacted] Cubans are now telling Ortega not to sign a Contadora Treaty because it contains too many concessions to the United States.

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- The Sandinistas rejected the current draft at the latest round of talks last week, claiming the national reconciliation clauses were unacceptable.

Meanwhile, the Soviets are in the process of making a major arms delivery to Nicaragua via Cuba to bolster the counterinsurgency effort.

- This would be the first major Soviet arms delivery since last fall, when the Soviets delivered tanks, helicopters, new radars, and 100-mm anti-aircraft guns.
- We are still not certain what arms are being supplied, but the shipment may include more tanks, MI-25 helicopter gunships, and air defense weapons.

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President Ortega will probably take a tough anti-US position in the UN today (21 October).

- [redacted] he will announce a moratorium on payment of Nicaragua's debt to the US, which amounts to several hundred thousand dollars.
- Managua probably hopes that an International Court of Justice decision against the US will be announced shortly to bolster its propaganda case against the United States.

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Meanwhile, the Sandinistas are preparing for another major counterinsurgency campaign, which probably will be launched by early December.

- Ortega has publicly stated that he will greatly weaken the insurgents this time around.
- The Sandinistas may again attack insurgent base areas across the border in Honduras, gambling that such actions will not provoke a US response.

In taking this hardline position, the Sandinistas are running a number of risks.

- They may get the blame for the failure of the Contadora Talks, thus alienating their Latin American support.
- By taking on the Church inside Nicaragua, they may force it to openly side with the armed resistance.
- Military incursions into Honduras may escalate and provide an excuse for US intervention.

In any case, the Intelligence Community still believes the Sandinistas are incapable of defeating the armed opposition in the next six months, despite increased Soviet and Cuban support.

- ~~The FDN continues to grow in strength, and now has reached 18,000.~~
- FDN aerial resupply capabilities have increased, allowing it to support sustained operations deep inside Nicaragua.
- Although the 2,500 to 3,500 Cuban military advisers in Nicaragua are taking a more active role in directing the counterinsurgency effort, a report from an East German defector indicates the Cubans believe the conflict will be a prolonged one.